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Second Revised Administrative Plan
AERODYNAMIC

Approval Sheet

APPROVED, by direction of DD/P

(Signed) Richard Helms

Chief of Operations, DD/P

JAN 24 1958

Date

AUTHORIZED, by direction of DD/S

[Signature]

Special Support Assistant to the DD/S

JAN 17 1958

Date

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
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DATE 2007

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13 JAN 1958

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MEMORANDUM FOR: Deputy Director (Plans)
Special Support Assistant to the DD/S

SUBJECT: Second Revised Administrative Plan for the
Proprietary Aspects of SR Division PP Project
AERODYNAMIC

I. Project Objective

1. The objective of this project is to provide for the exploitation and expansion of an anti-Soviet resistance movement for cold war and hot war purposes via newspapers, radio and other communication media, research and political action activities.

II. Instrumentality

2. The instrumentality of this project is AEBEENIVE, a PBPRIME propaganda panel, organized as a non-profit membership corporation, and a corresponding group in Europe.

III. Need for this Revision

3. The existing Plan requires letters of resignation from all directors and officers, which requirement has proved impracticable and has been deleted from the revised Plan. Various funding techniques are now being utilized or under consideration and are reflected in the revised Plan.

4. Further, the revised Plan provides for the utilization of Project AERODYNAMIC to fund or to provide services or cover for other KUBARK projects and establishes appropriate procedures therefor.

IV. Approval

5. This project was approved in the amount of [] for Fiscal Year 1957. An amount of [] was included in the SR Division's operational program for Fiscal Year 1958.

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V. Recommendation

6. The attached revised Administrative Plan has been concurred in by the Agency components of interest and is recommended for your approval and authorization.

[]
Chief, Support Staff, SR Division

Compt. /TAS/[]
CM/Plane/DF:vgg
(13 January 1958)

Distribution:

Original--Finance Div. thru Budget Div.
2cc--PP/OPS/PP
3cc--SR/Support
1cc--CM/Plane

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Second Revised Administrative Plan
AERODYNAMIC

Concurrence Sheet

/s/ [] []
SR Division

10 January 1958
Date

/s/ []
Office of General Counsel

14 January 1958
Date

/s/ []
Central Cover Branch

10 January 1958
Date

/s/ []
Office of Security

10 January 1958
Date

/s/ []
PP/OPS/PP

10 January 1958
Date

/s/ []
Office of the Comptroller

10 January 1958
Date

/s/ []
CM Staff

10 January 1958
Date

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Second Revised Administrative Plan for the Proprietary Aspects of SR Division PF Project AERODYNAMIC

NOTE: The provisions of the second revised Administrative Plan shall become effective after authorization by the DD/S, retroactive to 1 July 1957, with the exception of funding, accounting and financial reporting of the subsidized field activities. The implementation of the field activities shall become effective on a date to be specified by the SR Division with the concurrence of the Office of the Comptroller.

I. Terms of the Plan

1. The provisions of this Administrative Plan are designed to cover the proprietary aspects of Project AERODYNAMIC. Non-proprietary payments (e.g. project salaries paid directly by KUBARK, and other project expenses paid directly by the case officer(s)) will be accounted for under existing KUBARK regulations.

II. Organization and Management of Cover Corporation

2. AEBEEHIVE has been incorporated under the laws of New York as a non-profit membership corporation, with offices in PBPRIME and overseas, for the (ostensible) purposes of research and study of International Communism, the publication and circulation of papers, periodicals, books, pamphlets, etc., and for other purposes specified in the Certificate of Incorporation.

3. Basic policy guidance and direction of AEBEEHIVE activities is provided by KUBARK through the project case officer in meetings with the Chairman of the AEBEEHIVE Board of Directors or other officers, as appropriate. For cover purposes the Board of Directors has responsibility for conduct of AEBEEHIVE activities in accordance with its charter, constitution, and bylaws, and subject to the following limitations and requirements:

a. Amendments to the charter, constitution, and bylaws will require the prior approval of the SR Division and the concurrence of General Counsel.

b. AEBEEHIVE, in coordination with General Counsel, shall apply for tax-exempt status.

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c. The solicitation of contributions from sources other than KUBARK shall require the prior approval of SR Division with the concurrence of General Counsel and Central Cover Branch. AEBEENIVE shall notify SR Division immediately upon receipt of any outside contributions.

d. All officers, directors and members of the Executive Committee shall be approved by SR Division with the concurrence of Central Cover Branch and, in addition, the principal accounting officer shall also have the approval of the Office of the Comptroller.

e. All funds received by AEBEENIVE shall be deposited in a PEPRIME corporate bank account. Withdrawal from this account shall require the signature of two of the officers of AEBEENIVE. The SR Division shall advise the Finance Division, upon request, of the name and address of the bank in which the AEBEENIVE account is carried, the title of the account and the authorized signatories thereon.

f. The borrowing or lending of funds shall require the prior approval of SR Division, with the concurrence of Central Cover Branch (as to an individual borrower or lender) and General Counsel. The borrowing of funds shall also require the concurrence of the Office of the Comptroller.

g. The leasing of office space shall require the prior approval of SR Division. The purchase of real estate shall require the prior approval of SR Division and the Office of Logistics.

h. Any contract or commitments, other than for personal services, in excess of \$5,000 per year shall require the prior approval of SR Division with the concurrence of Central Cover Branch and General Counsel.

i. Travel, entertainment and related expenses incurred by AEBEENIVE personnel while engaged on KUBARK or cover business shall be reimbursed from AEBEENIVE funds on an actual, reasonable and necessary expense basis consistent with the practice of comparable non-profit associations or charitable foundations. Such expenses shall be reviewed at least semiannually by the SR Division.

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4. The members of the Board of Directors and officers of ABBEEMIVE shall acknowledge a Memorandum of Understanding approved by General Council, setting forth their relationship with the organization and KUBARK.

III. Budget

5. An annual basic budget shall be drawn up by the principal agent(s) on or before 1 February of each year for the ensuing fiscal year beginning 1 July. Preparation of the budget shall be coordinated with the SR Division case officers in order to assure consistency with SR Division budget planning for this project for the fiscal year. These budgets shall detail the estimated income and expenses for each office maintained by the organization in a manner which shall conform to the categories of income and expenses as reflected in the books of account of the organization as prescribed in Section V below.

6. The SR Division, based on the data received from the principal agent(s), shall prepare its annual operating budget for the project for each fiscal year.

7. Prior to presentation of a project action to approving authorities, the responsibilities of the Office of the Comptroller shall be discharged by his designee on the Staff of the SSA-DDD/S.

IV. Funding

8. Funds shall be made available to the project in accordance with the project approval. The Finance Division shall advance funds for the project within the amount of the approved allotment upon request of the SR Division by one or more of the following methods:

a. Through a Category I, Category II, or Category IV Funding Mechanism, as defined by 2240-600, in coordination with Central Cover Branch;

b. Through individuals and/or organizations voluntarily as donors and appropriately cleared with the Office of Security for use by Central Cover Branch;

c. Through a "Fund-Raising Committee" created by the ABBEEMIVE Board of Directors;

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d. Direct, by means of checks and other instruments sterilized by multiple bank transactions. When this funding method is used, the SR Division Headquarters case officer, in coordination with Central Cover Branch, shall instruct the principal agent in PBPRIME, AECASSOWARY/2, to attribute these funds on the books of AEBEEHIVE to specific or anonymous donors who are interested in or are supporting the activities of AEBEEHIVE, or to a cleared local attorney acting in their behalf. Central Cover Branch shall arrange appropriate backstopping for this cover story.

The request for advance in each case shall indicate in the "remarks" section which of the above funding methods are to be used.

9. AECASSOWARY/2 shall transfer funds periodically to AECASSOWARY/3, principal agent for this activity in Europe and leader of the subsidized European group engaging in psychological warfare activities against the Soviets.

10. Upon mutual determination by interested components of KUBARK that Project AERODYNAMIC is to be used to (i) fund other authorized KUBARK projects or (ii) provide a service or cover for other authorized KUBARK projects, the following procedures are authorized:

a. An advance shall be authorized to such other project upon submission to the Finance Division of an approved request for advance based upon the written concurrence of the Central Cover Branch. This request for advance shall state in the "remarks" section that the funds are to be advanced through AEBEEHIVE and shall also indicate in pseudonym or cryptonym the recipient to whom AEBEEHIVE is to disburse the funds. When the request for advance is certified, the SR Division case officer shall authorize the cover instrumentality to disburse funds for the project named in the request for advance, except that the funds to be so channeled through AEBEEHIVE first shall be reflected on the books of AEBEEHIVE by a method acceptable to the Office of the Comptroller prior to any actual disbursement thereof by AEBEEHIVE. Funds advanced to AEBEEHIVE for purposes reflected in this paragraph shall be charged to the AERODYNAMIC proprietary investment account with a specific charge to the allotment of the project to be funded. Upon receipt of the financial statements from AEBEEHIVE indicating that the funds involved have been passed

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to the project recipient, the Finance Division shall credit the investment account of Project AERODYNAMIC and charge the appropriate advance account. Funds charged to the advance accounts will be accounted for in accordance with KUBARK regulations or the Administrative Plan applicable to the project being served.

b. Upon determination that AEBEEHIVE is to perform a service or cover for another authorized KUBARK project (as opposed to acting as a funding mechanism), the same procedure as outlined in preceding paragraph 10a will be followed relative to the advance of funds to AEBEEHIVE, charging the funds so advanced to the proprietary investment account of Project AERODYNAMIC with a specific charge to the allotment of the project to be serviced or for which Project AERODYNAMIC is providing cover. With respect to the accounting for these funds, the funds advanced to AEBEEHIVE and the disbursement of these funds shall be prescribed on an individual case basis by the Office of the Comptroller in a manner that shall permit identification of such funds in the financial statements submitted by AEBEEHIVE to KUBARK on a quarterly basis. Upon receipt of the AEBEEHIVE financial statements indicating the use of such funds, the Finance Division shall credit the investment account of Project AERODYNAMIC and charge the appropriate project cost account. Any unused funds shall be retained or returned to KUBARK in a manner concurred in by the Office of the Comptroller with the approval of the SR Division.

V. Accounting and Reporting

11. AEBEEHIVE shall, in both PBPRIME and in its overseas activities, maintain financial records and accounts of a type consistent with its ostensible character, as proscribed or approved by the Office of the Comptroller.

12. The following financial statements shall be submitted on a quarterly basis:

a. The overseas activities shall submit to AEBEEHIVE, within 15 days following the close of each calendar quarter, a Cash Receipts and Disbursements Statement to include cash on hand at the beginning of the period, income received in a manner to clearly distinguish between funds received from AEBEEHIVE and funds received from non-AEBEEHIVE sources, expenses of the overseas activities and cash on hand at the end of the period.

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b. Upon receipt of the Cash Receipts and Disbursements Statement from the overseas activities, AEBEEHIVE shall submit to the SR Division on a quarterly basis, the following consolidated financial statements (except the annual statement of fixed assets) within 30 days following the close of each calendar quarter:

(1) Balance Sheet;

(2) Statement of Income and Expenses;

(3) Statement of Cash Receipts and Disbursements prepared in a manner to clearly distinguish between funds received from KUBARK and non-KUBARK sources, if applicable. Disbursements under the provisions of paragraph 10a and b will be clearly identified.

(4) Annual Statement of Fixed Assets.

13. AECASSOWARY/3, or his designee, shall certify on each Cash Receipts and Disbursements Statement, referred to in paragraph 12a, that to the best of his knowledge and belief the accounting accurately reflects the financial status of the overseas activities and the disposition of funds during the reporting period.

14. AECASSOWARY/2, or his designee, shall add his certification that to the best of his knowledge and belief the financial statements, referred to in paragraph 12b, accurately reflect the financial status of AEBEEHIVE, including the financial statements received from the overseas activities.

15. The Headquarters case officer shall review these financial statements and attach his certification that the funds were expended for the purposes authorized. A certificate from the Division Approving Officer in accordance with KUBARK Regulation 30-200 also shall accompany each financial statement.

16. The original copy of these statements shall be forwarded to the Finance Division for appropriate action and retention, except that a copy of the Annual Statement of Fixed Assets shall be forwarded to the Office of Logistics when the financial statements have been reviewed and approved by the SR Division.

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VI. Writeoff

17. The Finance Division is authorized to accept the quarterly consolidated financial statements submitted by AEBEEHIVE, when properly certified and approved as required by paragraph 15, as the accounting for funds expended by AEBEEHIVE for its operating expenses and for appropriate recording in KUBARK's system of accounts.

18. The Finance Division is authorized to accept the quarterly consolidated financial statements submitted by AEBEEHIVE, when properly approved and certified as required by paragraph 15, (re: funding and providing service or cover for other authorized KUBARK projects as provided in paragraph 10) as a basis for crediting the investment account of Project AERODYNAMIC and to charge the cost account of the appropriate project for the amount involved as reflected in the financial statement.

VII. Writeoff (Equipment and Supplies)

19. In the event that equipment and supplies are issued by the Office of Logistics to AEBEEHIVE, accountability for such items shall be dropped at the time of issue. Accountability for such items shall be picked up by AEBEEHIVE and shall be recorded in the AEBEEHIVE system of accounts.

VIII. Commercial Staff Participation

20. The services of the Commercial Staff shall be available to the SR Division or other elements of KUBARK in an advisory capacity in budget preparation and analysis, in periodic analysis of financial statements, and in other matters related to the administration of the project.

IX. Security Policy

21. In the utilization of individuals under this project, any exceptions to the security policy as set forth in CSI 10-5 and FR 10-215 shall require the prior authorization of the CI Staff or the Office of Security as appropriate.

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